

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Springfield Township</b>	County <b>Kalkaska</b>
Audit Date <b>3/31/06</b>	Opinion Date <b>6/28/06</b>	Date Accountant Report Submitted to State: <b>8/11/06</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

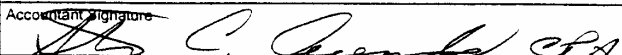
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Baird, Cotter and Bishop, P.C.</b>			
Street Address <b>134 W. Harris Street</b>		City <b>Cadillac</b>	State <b>MI</b>
		ZIP <b>49601</b>	
Accountant Signature 			Date <b>8/10/06</b>

**SPRINGFIELD TOWNSHIP, KALKASKA COUNTY**

**FIFE LAKE, MICHIGAN**

**MARCH 31, 2006**

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MARCH 31, 2006

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*Baird, Cotter and Bishop, P.C.*

**CERTIFIED PUBLIC ACCOUNTANTS**

June 28, 2006

### INDEPENDENT AUDITORS' REPORT

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Springfield Township, Kalkaska County, Fife Lake, Michigan as of March 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through ix and budgetary comparison information on pages 21-22 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Springfield Township, Kalkaska County, Fife Lake, Michigan's basic financial statements. The individual fund financial statements, and other supplementary information are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Springfield Township, a general law township located in Kalkaska County has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Springfield Township board's discussion and analysis of the financial results for the fiscal year ended March 31, 2006, along with specific comparative information as required.

**Financial Highlights**

- ◆ The assets of the Township exceeded its liabilities at the close of the fiscal year by \$466,563. Of this amount, \$156,057 may be used to meet the township's ongoing obligations to citizens and creditors.
- ◆ As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$358,678. About 43.51% is available for spending at the Township's discretion.
- ◆ The Township's total debt decreased by \$21,153 during the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire Township's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation.

The *Statement of Net Assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *Statement of Activities* presents information showing how the Township's net assets changed during the fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

Both of the government-wide financial statements distinguish functions of the Township's that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

**Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

***Governmental Funds*** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statement, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

***Proprietary Funds*** – Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township does not maintain any proprietary funds.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**Government-Wide Financial Analysis**

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Township's financial position over

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

time. The Net Assets of the Township are \$466,563 at March 31, 2006, meaning the Township's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

Springfield Township  
Net Assets as of March 31,

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Current Assets	\$ 369,999	\$ 409,342
Non Current Assets		
Capital Assets	151,642	146,642
Less: Accumulated Depreciation	(16,180)	(12,911)
Total Non Current Assets	<u>135,462</u>	<u>133,731</u>
<b>Total Assets</b>	<u><u>\$ 505,461</u></u>	<u><u>\$ 543,073</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 33,283	\$ 137,415
Long-Term Liabilities	<u>5,615</u>	<u>27,582</u>
<b>Total Liabilities</b>	<u><u>38,898</u></u>	<u><u>164,997</u></u>
<b>Net Assets</b>		
Invested in Capital Assets, Net Related Debt	107,885	85,001
Restricted for Specific Purposes	202,621	121,570
Unrestricted	<u>156,057</u>	<u>170,505</u>
<b>Total Net Assets</b>	<u><u>466,563</u></u>	<u><u>377,076</u></u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 505,461</u></u>	<u><u>\$ 542,073</u></u>

The most significant portions of the Township's Net Assets are cash and investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Township used to acquire the asset. The Township has \$156,057 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Township policies regarding their use.

At the end of the current fiscal year, the Township is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental activities.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

The total net assets of the Township increased by \$89,487 in this fiscal year, which is an indicator that the Township experienced positive financial growth during the year. As a result, the Township ended the fiscal year in better condition than when the year began.

The following table illustrates and summarizes the results of the changes in the net assets for the Township. The condensed information was derived from the government-wide Statement of Activities.

**Springfield Township**  
**Change in Net Assets**  
**for the Fiscal Year Ended March 31,**

	<u>2006</u>	<u>2005</u>
<b><u>Revenues</u></b>		
<b>Program Revenues</b>		
Charges for Services	\$ 4,633	\$ 6,846
Operating Grants and Contributions	4,483	0
Capital Grants and Contributions	5,000	0
<b>General Revenues</b>		
Property Taxes	176,824	170,211
State Grants	87,786	91,702
Investment Earnings	4,119	4,762
Other	<u>1,056</u>	<u>5,944</u>
<b>Total Revenues</b>	<u>283,901</u>	<u>279,465</u>
<b><u>Expenses</u></b>		
Legislative	12,347	9,382
General Government	86,651	100,533
Public Safety	31,518	44,468
Public Works	8,369	128,343
Health and Welfare	34,967	32,403
Recreational and Cultural	9,847	8,090
Other Functions	9,246	9,578
Interest on Long-Term Debt	1,469	2,237
Unallocated Depreciation	<u>0</u>	<u>3,019</u>
<b>Total Expenses</b>	<u>194,414</u>	<u>338,053</u>
Change in Net Assets	89,487	(58,588)
NET ASSETS - Beginning of Year	<u>377,076</u>	<u>435,664</u>
NET ASSETS - End of Year	<u><u>\$ 466,563</u></u>	<u><u>\$ 377,076</u></u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Governmental Activities**

During the fiscal year ended March 31, 2006 the Township's net assets increased by \$89,487 in the governmental funds. The majority of this increase represents the degree to which increases in ongoing revenues haven't outstripped similar increases in ongoing expenses. This is true despite the fact that GASB 34 requires the Township to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

The most significant part of the revenue for all governmental activities of Springfield Township comes from property taxes. The Township levied .8104 mills for operating purposes. In addition, the Township levied 1.8981 mills for fire protection and ambulance service and 1.8684 mills for street improvements.

State shared revenue is collected by the State of Michigan and distributed to local governments by formula allocation.

The Township's governmental activities expenses are dominated by general government expenses that total \$86,651. Health and Welfare represented the next largest expense at \$34,967.

**Financial Analysis of the Government's Funds**

***Governmental Funds*** The focus of Springfield Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirement. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, Springfield Township's governmental funds reported combined ending fund balances of \$358,678. Of this amount \$156,057 constitutes unreserved fund balance. The remainder of the fund balance is reserved or designated for specific purposes and is therefore not available for new appropriation. For example, the fund balance that is reserved for fire protection must be used for expenditures that relate to fire protection.

**General Fund** – The General Fund decreased its fund balance by \$10,965 which brings the fund balance to \$159,540. All of the General Fund's functions ended the year with expenditures below budgeted amounts. Tax related revenues amounted to \$41,455. State grants were collected in the amount of \$96,269.

**Municipal Street Fund** – The Municipal Street Fund increased its fund balance by \$67,155 which brings the fund balance to \$123,371. This balance is reserved and must be used for street improvements. Property taxes amounted to \$67,155.

**Fire Fund** – The Fire Fund increased its fund balance by \$10,013 which brings the fund balance to \$71,092. This balance is reserved and must be used for fire protection. Property taxes amounted to \$33,572.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Park and Recreation Fund** – The Park and Recreation Fund increased its fund balance by \$400 which brings the fund balance to \$4,675. This balance is designated and must be used for parks and recreation.

**Ambulance Fund** – The Ambulance Fund's fund balance remained the same at \$0. Property taxes amounted to \$34,642. Expenditures for contracted ambulance protection services amounted to \$34,642.

**Capital Assets and Debt Administration**

**Capital Assets.** The Township's investment in capital assets for governmental as of March 31, 2006 amounted to \$135,462 net of accumulated depreciation.

Capital assets summarized below include any items purchased with a cost greater than \$2,500 individually and that have a useful life greater than one year. A summary of capital asset categories is illustrated below:

**Springfield Township**  
**Capital Assets as of March 31,**

	<u>2006</u>	<u>2005</u>
Land	\$ 14,886	\$ 14,886
Buildings	131,756	131,756
Equipment	<u>5,000</u>	<u>0</u>
	151,642	146,642
Less Accumulated Depreciation	<u>(16,180)</u>	<u>(12,911)</u>
<b>Net Capital Assets</b>	<u><u>\$ 135,462</u></u>	<u><u>\$ 133,731</u></u>

Major capital asset events during the current fiscal year included the following:

- Purchased a voting machine with a state grant for \$5,000.
- Depreciation expense of \$3,269.

**Long-Term Debt.** At the end of the current fiscal year, the Township had total installment debt outstanding of \$27,577. The entire balance of this debt is backed by the full faith and credit of the government. Additional information on the Township's long-term debt can be found in the notes to the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED MARCH 31, 2006

**Economic Condition and Outlook**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means potential further reductions in state-shared revenues.

These factors were considered in preparing the Township's budgets for the 2006-07 fiscal year.

**Request for Information**

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need any additional information, contact Springfield Township at 5253 Ingersoll Road SW, Fife Lake, Michigan 49633.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF NET ASSETS  
MARCH 31, 2006

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 226,637
Receivables	
Accounts	1,899
Taxes	32,427
Intergovernmental	20,937
External Party (Fiduciary Fund)	88,099
Total Current Assets	<u>369,999</u>
<u>CAPITAL ASSETS</u>	
Land	14,886
Buildings	131,756
Equipment	5,000
	<u>151,642</u>
Less Accumulated Depreciation	16,180
Net Capital Assets	<u>135,462</u>
 TOTAL ASSETS	 <u>505,461</u>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	4,659
Due to Other Governments	6,662
Current Portion of Long-Term Note Payable	21,962
Total Current Liabilities	<u>33,283</u>
<u>LONG-TERM LIABILITIES</u>	
Note Payable	27,577
Less: Current Portion	(21,962)
Total Long-Term Liabilities	<u>5,615</u>
 TOTAL LIABILITIES	 <u>38,898</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	107,885
Restricted for Street Improvement	123,371
Restricted for Fire Protection	71,092
Restricted for Parks and Recreation	4,675
Restricted for Telecommunications Right-of-Way Maintenance	3,483
Unrestricted	<u>156,057</u>
 TOTAL NET ASSETS	 <u>\$ 466,563</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTAL
					GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT					
GOVERNMENTAL ACTIVITIES					
Legislative	\$ 12,347	\$ 0	\$ 0	\$ 0	\$ (12,347)
General Government	86,651	4,633	0	5,000	(77,018)
Public Safety	31,518	0	0	0	(31,518)
Public Works	8,369	0	3,483	0	(4,886)
Health and Welfare	34,967	0	0	0	(34,967)
Recreation and Cultural	9,847	0	1,000	0	(8,847)
Other Functions	9,246	0	0	0	(9,246)
Interest on Long-Term Debt	1,469	0	0	0	(1,469)
Total Governmental Activities	\$ 194,414	\$ 4,633	\$ 4,483	\$ 5,000	(180,298)

GENERAL REVENUES

Property Taxes	176,824
State Grants	87,786
Interest Earnings	4,119
Other	1,056
Total General Revenues	269,785
Change in Net Assets	89,487
<u>NET ASSETS</u> - Beginning of Year	377,076
<u>NET ASSETS</u> - End of Year	\$ 466,563

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY

FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

BALANCE SHEET

MARCH 31, 2006

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>ASSETS</u>			
Cash	\$ 101,464	\$ 56,322	\$ 64,176
Accounts Receivable	1,899	0	0
Taxes Receivable	5,745	13,248	6,748
Intergovernmental Receivable	20,937	0	0
Due from Other Funds	34,322	53,907	168
Total Assets	<u>\$ 164,367</u>	<u>\$ 123,477</u>	<u>\$ 71,092</u>
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 4,659	\$ 0	\$ 0
Due to Other Governments	0	0	0
Due to Other Funds	168	106	0
Total Liabilities	<u>4,827</u>	<u>106</u>	<u>0</u>
 <u>FUND BALANCE</u>			
Reserved for:			
Street Improvements	0	123,371	0
Fire Protection	0	0	71,092
Parks and Recreation	0	0	0
Telecommunications Right of Way Maintenance	3,483	0	0
Unreserved			
Undesignated	156,057	0	0
Total Fund Balance	<u>159,540</u>	<u>123,371</u>	<u>71,092</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 164,367</u>	<u>\$ 123,477</u>	<u>\$ 71,092</u>

The accompanying notes are an integral part of the financial statements.

PARK AND RECREATION FUND	AMBULANCE FUND	TOTALS
\$ 4,675	\$ 0	\$ 226,637
0	0	1,899
0	6,686	32,427
0	0	20,937
0	0	88,397
<u>\$ 4,675</u>	<u>\$ 6,686</u>	<u>\$ 370,297</u>

\$ 0	\$ 0	\$ 4,659
0	6,662	6,662
0	24	298
<u>0</u>	<u>6,686</u>	<u>11,619</u>

0	0	123,371
0	0	71,092
4,675	0	4,675
0	0	3,483
<u>0</u>	<u>0</u>	<u>156,057</u>
<u>4,675</u>	<u>0</u>	<u>358,678</u>

\$ 4,675	\$ 6,686	\$ 370,297
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The accompanying notes are an integral part of the financial statements.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
MARCH 31, 2006

Total Fund Balances for Governmental Funds	\$ 358,678
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Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in the funds.

Land	14,886	
Buildings	131,756	
Equipment	5,000	
Accumulated Depreciation	<u>(16,180)</u>	135,462

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds.

Note Payable	<u>(27,577)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 466,563</u></u>
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The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2006

	GENERAL FUND	MUNICIPAL STREET FUND	FIRE FUND
<u>REVENUES</u>			
Taxes	\$ 41,455	\$ 67,155	\$ 33,572
Licenses and Permits	350	0	0
State Grants	96,269	0	0
Charges for Services	4,283	0	0
Interest and Rents	4,119	0	0
Other Revenues	1,056	0	0
Total Revenues	147,532	67,155	33,572
<u>EXPENDITURES</u>			
Legislative	12,347	0	0
General Government	88,852	0	0
Public Safety	7,959	0	23,559
Public Works	8,369	0	0
Health and Welfare	325	0	0
Recreation and Cultural	8,777	0	0
Other Functions	9,246	0	0
Debt Service			
Principal	21,153	0	0
Interest	1,469	0	0
Total Expenditures	158,497	0	23,559
Net Change in Fund Balance	(10,965)	67,155	10,013
<u>FUND BALANCE</u> - Beginning of Year	170,505	56,216	61,079
<u>FUND BALANCE</u> - End of Year	\$ 159,540	\$ 123,371	\$ 71,092

The accompanying notes are an integral part of the financial statements.

PARK AND RECREATION FUND		AMBULANCE FUND	TOTALS
\$	0	\$ 34,642	\$ 176,824
	0	0	350
	0	0	96,269
	0	0	4,283
	0	0	4,119
	1,000	0	2,056
	1,000	34,642	283,901
	0	0	12,347
	0	0	88,852
	0	0	31,518
	0	0	8,369
	0	34,642	34,967
	600	0	9,377
	0	0	9,246
	0	0	21,153
	0	0	1,469
	600	34,642	217,298
	400	0	66,603
	4,275	0	292,075
\$	4,675	\$ 0	\$ 358,678

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
MARCH 31, 2006

Net Change in Fund Balance - Total Governmental Funds	\$ 66,603
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Capital Outlay	5,000
Depreciation Expense	(3,269)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	<u>21,153</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 89,487</u></u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
MARCH 31, 2006

	<u>AGENCY FUNDS</u>
<u>ASSETS</u>	
Cash	<u>\$         88,099</u>
<u>LIABILITIES</u>	
Due to Other Funds	<u>\$         88,099</u>

The accompanying notes are an integral part of the financial statements.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

Springfield Township is a general law township located in Kalkaska County which operates under the direction of an elected township board. Under the criteria established by accounting principles generally accepted in the United States of America, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Government-wide and Fund Financial Statements**

GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

*Invested in Capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributors, or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets which do not meet the definition of the two preceding categories.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state at year end on behalf of the government are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The accounts of the Township are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Springfield Township reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Municipal Street Fund* accounts for revenue sources that are legally restricted to expenditure for street improvements.

The *Fire Fund* accounts for revenue sources that are legally restricted to expenditures for fire protection.

The *Park and Recreation Fund* accounts for revenue sources that are designated to expenditures for parks and recreation.

The *Ambulance Fund* accounts for revenue sources that are designated to expenditures for ambulance service.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Additionally Springfield Township reports the following fund types:

*Agency funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the Township holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions involved. Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use the restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Equity**

***1. Deposits and Investments***

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of twelve months or less from date of acquisition. The Township investment policy authorizes the Township treasurer to invest Township funds in deposit accounts, savings accounts and certificates of deposit.

***2. Receivables and Payables***

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Property taxes attach as an enforceable lien on the property as of the date they are levied. State education taxes and one-third of county taxes are levied and due July 1, and become delinquent after September 14. The remaining millages are levied and due December 1, and become delinquent after February 14. Collections of taxes and remittances of them are accounted for in the Current Tax Collection Fund. Township property tax revenues are recognized when they become both measurable and available for use to finance Township operations. Amounts which are not expected to be collected within sixty days are treated as deferred revenues.



SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

The 2005 taxable valuation of Springfield Township totaled \$35,902,652, on which ad valorem taxes levied consisted of .8104 mills for Springfield Township operating purposes, 1.8684 mills for Springfield Township street improvement, and 1.8981 mills for Springfield Township fire protection and ambulance service. These levies raised \$29,124 for operating purposes, \$33,572 for fire protection, \$67,155 for street improvement, and \$34,642 for ambulance protection.

**3. *Inventories and Prepaid Items***

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. *Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>ASSETS</u>	<u>YEARS</u>
Buildings	40-60
Building Improvements	15-30
Vehicles	3-5
Office Equipment	3-5
Computer Equipment	3-5

Springfield Township qualifies as a phase 3 governmental unit in regards to the implementation of GASB 34. Phase 3 governmental units are not required to retroactively capitalize infrastructure. As a result, the Township began to capitalize and depreciate infrastructure April 1, 2004, in accordance with the Township's capitalization policy.

**5. *Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

well as issuance costs, are amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**6. *Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**7. *Use of Estimates***

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts are as originally adopted on March 29, 2005 or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is, at present, not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

The Township's deposits are on deposit with Citizens Bank in Flint, Michigan and Forest Area Federal Credit Union in Fife Lake, Michigan.

*Investment rate risk.* The Township will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the Township's cash requirement.

*Foreign currency risk.* The Township is not authorized to invest in investments, which have this type of risk.

*Credit risk.* The Township will minimize Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Township's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the Township will do business in accordance with the Township's investment policy.

*Concentration of credit risk.* The Township will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of March 31, 2006, \$40,895 of the government's bank balance of \$317,020 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year end. Category 1 includes investments that are insured or registered, or securities held by the Township or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the Township's name. At year end, the Township held no investments.

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

**B. Receivables**

Receivables as of year end for the government's individual major funds are presented in the statement of net assets.

The allowance for doubtful accounts is not considered to be material for disclosure. As a result, its uncollectible accounts are virtually nill.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

No deferred revenue was recorded in any of the funds at the end of the current fiscal year.

**B. Capital Assets**

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 14,886	\$ 0	\$ 0	\$ 14,886
Capital assets, being depreciated				
Buildings	131,756	0	0	131,756
Equipment, Furniture and Fixtures	0	5,000	0	5,000
Total capital assets, being depreciated	131,756	5,000	0	136,756
Less accumulated depreciation for:				
Buildings	12,911	3,019	0	15,930
Equipment, Furniture and Fixtures	0	250	0	250
Total accumulated depreciation	12,911	3,269	0	16,180
Total capital assets, being depreciated, net	118,845	1,731	0	120,576
Governmental activities capital assets, net	\$ 133,731	\$ 1,731	\$ 0	\$ 135,462

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 2,799
Recreation and Culture	<u>470</u>
Total depreciation expenses - governmental activities	<u><u>\$ 3,269</u></u>

Construction Commitments:

The government has no outstanding construction commitments as of March 31, 2006.

**D. Interfund Receivables, Payables and Transfers**

Individual fund interfund receivable and payable balances at March 31, 2006, were:

<u>Fund</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 34,322	\$ 168
Special Revenue Funds		
Municipal Street Fund	53,907	106
Fire Fund	168	0
Ambulance Fund	0	24
Fiduciary Funds		
Current Tax Collection Fund	0	88,099
	<u>\$ 88,397</u>	<u>\$ 88,397</u>

All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All are expected to be resolved within one year.

There are no interfund transfers as of March 31, 2006.

**E. Long-Term Debt**

The following is a summary of the long-term debt transactions of the Township of Springfield for the year ended March 31, 2006:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

	<u>LOANS</u>
Long-Term Debt Payable	
At April 1, 2005	\$ 48,730
New Debt Incurred	0
Payments on Debt	<u>21,153</u>
 LONG-TERM DEBT PAYABLE	
AT MARCH 31, 2006	<u>\$ 27,577</u>
 Due within one year	<u>\$ 21,962</u>

Debt payable at March 31, 2006 is comprised of the following individual issues:

Governmental Activities

General Obligation

Building Contract

\$78,551 payable to Forest Area Federal Credit Union, due in monthly installments of \$1,885 through June 20, 2007, interest at 3.75%.

\$ 27,577

The annual requirements to amortize debt outstanding as of March 31, 2006, are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Amounts Payable</u>
2007	\$ 21,962	\$ 659	\$ 22,621
2008	5,615	30	5,645
	<u>\$ 27,577</u>	<u>\$ 689</u>	<u>\$ 28,266</u>

**F. Fund Balance Reserves**

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Township has reserved fund balances in various funds. These reserves are detailed in the following schedule:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

FUND BALANCE/NET ASSETS

Reserved

General Fund

Telecommunication Right-of-Way Maintenance	\$ 3,483
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Special Revenue Funds

Municipal Street Fund

Street Improvements	123,371
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Fire Fund

Fire Protection	71,092
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Park and Recreation Fund

Parks and Recreation	4,675	199,138
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TOTAL FUND BALANCE RESERVES

\$ 202,621
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**IV. OTHER INFORMATION**

**A. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, workers compensation insurance and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

**B. Property Tax Administration Fee**

The Township passed a resolution to charge a 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the township board.

The Township has determined that authorized costs of tax collections will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

**C. Aid to Other Governments**

The Township makes payments to other governmental units for various public safety and health and welfare services. Some of these payments are financed by extra voted millages and some are financed by Township general operations. For the 2005-2006 fiscal year, these payments were as follows:

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2006

Public Safety

Fire Protection

Grand Traverse County Fire Department	\$ 23,426
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Police Protection

Kalkaska County Sheriff Department	3,780
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Health and Welfare

Hospital

Kalkaska Memorial Health Center	325
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Ambulance

Fife Lake Area Emergency Rescue Authority	<u>34,642</u>
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	<u><u>\$ 62,173</u></u>
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SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2006

	GENERAL FUND			MUNICIPAL STREET FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<b><u>REVENUES</u></b>						
Taxes	\$ 44,000	\$ 42,800	\$ 41,455	\$ 55,000	\$ 55,000	\$ 67,155
Licenses and Permits	5,000	3,800	350	0	0	0
State Grants	80,000	82,400	96,269	0	0	0
Charges for Services	0	0	4,283	0	0	0
Interest and Rents	1,000	1,000	4,119	0	0	0
Other Revenues	700	700	1,056	0	0	0
Total Revenues	130,700	130,700	147,532	55,000	55,000	67,155
<b><u>EXPENDITURES</u></b>						
Legislative						
Township Board	15,000	16,000	12,347	0	0	0
General Government						
Supervisor	6,500	6,500	6,032	0	0	0
Election	2,000	4,000	8,660	0	0	0
Assessor	15,500	15,500	13,113	0	0	0
Budget Administrator	3,200	3,200	3,200	0	0	0
Clerk	22,000	22,000	20,251	0	0	0
Board of Review	3,500	3,500	2,961	0	0	0
Treasurer	22,000	22,000	17,677	0	0	0
Building and Grounds	8,500	8,500	7,570	0	0	0
Cemetery	6,000	11,000	9,388	0	0	0
Public Safety						
Police	6,000	4,000	3,780	0	0	0
Fire Department	10,500	10,500	4,179	0	0	0
Public Works						
Highways, Streets and Bridges	1,000	12,492	1,761	156,414	156,414	0
Refuse Collection and Disposal	10,000	7,000	6,608	0	0	0
Health and Welfare						
Hospital	325	325	325	0	0	0
Ambulance	0	0	0	0	0	0
Recreation and Cultural						
Parks and Recreation	9,500	9,500	6,839	0	0	0
Library	1,500	1,500	1,438	0	0	0
Historical Commission	500	500	500	0	0	0
Other Functions						
Insurance and Bonds	7,500	7,500	4,393	0	0	0
Employee Benefits	6,500	6,000	4,853	0	0	0
Contingency	25,175	11,183	0	0	0	0
Debt Service						
Principal	22,000	22,000	21,153	0	0	0
Interest	2,000	2,000	1,469	0	0	0
Total Expenditures	206,700	206,700	158,497	156,414	156,414	0
Net Change in Fund Balance	(76,000)	(76,000)	(10,965)	(101,414)	(101,414)	67,155
<b><u>FUND BALANCE</u></b> - Beginning of Year	76,000	76,000	170,505	101,414	101,414	56,216
<b><u>FUND BALANCE</u></b> - End of Year	\$ 0	\$ 0	\$ 159,540	\$ 0	\$ 0	\$ 123,371

[illegible]

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
MARCH 31, 2006

	Balance 4/1/2005	Additions	Deductions	Balance 3/31/2006
<u>ASSETS</u>				
Cash	\$ 84,071	\$ 912,903	\$ 908,875	\$ 88,099
<u>LIABILITIES</u>				
Due to Other Funds	\$ 84,071	\$ 142,041	\$ 138,013	\$ 88,099
Refunds Payable to Taxpayers	0	3,830	3,830	0
Due to Other Governments	0	767,032	767,032	0
TOTAL LIABILITIES	\$ 84,071	\$ 912,903	\$ 908,875	\$ 88,099

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2005 WINTER TAX ROLL  
MARCH 31, 2006

TAXES ASSESSED

County			
Operating	\$	161,026	
Kalkaska Public Transit		8,780	
Kalkaska Memorial Hospital		61,033	
Kalkaska Sports Plex		25,637	
Fife Lake Sewer Authority		315	
Township			
Operating		29,124	
Streets		67,155	
Fire		33,572	
Ambulance		34,642	
Schools			
Forest Area Community Schools		273,421	
Kalkaska Public Schools		12,432	
Intermediate School			
Traverse Bay Area		<u>100,304</u>	807,441

TAXES COLLECTED

County			
Operating		127,081	
Kalkaska Public Transit		7,041	
Kalkaska Memorial Hospital		49,033	
Kalkaska Sports Plex		20,577	
Fife Lake Sewer Authority		315	
Township			
Operating		23,379	
Streets		53,907	
Fire		26,824	
Ambulance		27,956	
Schools			
Forest Area Community Schools		232,736	
Kalkaska Public Schools		0	
Intermediate School			
Traverse Bay Area		<u>82,914</u>	<u>651,763</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2005 WINTER TAX ROLL  
MARCH 31, 2006

TAXES RETURNED DELINQUENT

County		
Operating	33,945	
Kalkaska Public Transit	1,739	
Kalkaska Memorial Hospital	12,000	
Kalkaska Sports Plex	5,060	
Fife Lake Sewer Authority	0	
Township		
Operating	5,745	
Streets	13,248	
Fire	6,748	
Ambulance	6,686	
Schools		
Forest Area Community Schools	40,685	
Kalkaska Public Schools	12,432	
Intermediate School		
Traverse Bay Area	<u>17,390</u>	<u>\$ 155,678</u>

SPRINGFIELD TOWNSHIP, KALKASKA COUNTY  
FIFE LAKE, MICHIGAN

STATEMENT OF 2005 SUMMER TAX ROLL  
MARCH 31, 2006

TAXES ASSESSED

County			
State Education Tax	\$	5,279	
Operating		62,728	
Schools			
Forest Area Public Schools		200,671	
Kalkaska Public Schools		13,192	
Intermediate School			
Traverse Bay Area		<u>2,603</u>	284,473

TAXES COLLECTED

County			
State Education Tax		4,964	
Operating		54,253	
Schools			
Forest Area Public Schools		173,161	
Kalkaska Public Schools		12,137	
Intermediate School			
Traverse Bay Area		<u>2,448</u>	<u>246,963</u>

TAXES RETURNED DELINQUENT

County			
State Education Tax		315	
Operating		8,475	
Schools			
Forest Area Public Schools		27,510	
Kalkaska Public Schools		1,055	
Intermediate School			
Traverse Bay Area		<u>155</u>	<u>\$ 37,510</u>

134 WEST HARRIS STREET  
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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2006

## LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

During the course of our audit of the basic financial statements of Springfield Township for the year ended March 31, 2006, we noted the following:

### Reportable Condition in Internal Controls

In planning and performing our audit of the basic financial statements of Springfield Township for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements.

Certain matters considered to be reportable conditions in internal controls were noted. We are issuing a separate letter (letter of reportable conditions) which addresses those items noted.

### Budgeting

The budget was exceeded for election activities in the General Fund. It resulted from not amending the budget to include revenue and expenditure for a state grant that the Township received to purchase an election machine. Act 621 of the Public Acts of 1978 requires amending the budget prior to authorizing expenditures that would cause such overages.

### Tax Collection Fund Balance

A balance remained in the Tax Collection Fund at March 31, 2006, which was owed to the Township's General Fund and Municipal Street Fund. We recommend that the Township disburse each year all remaining funds in the Tax Collection Fund by March 31, except a small residual amount to maintain a minimum balance in order to keep the bank accounts open.

### Telecommunications Right-of-Way Revenues

The state restricts the use of these revenues to specific items such as road maintenance and street lighting. We recommend that the Township keep subsidiary records to track all telecommunication revenues and related expenses.

### General Recordkeeping

The accounting records for the year ended March 31, 2006, were found to be in good order and in compliance with the State's uniform accounting system. We commend the Clerk and Treasurer for a job well done and encourage them to keep up the fine effort.

We would like to thank the board for its continued confidence in our firm and to thank the township officers for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



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CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2006

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Springfield Township  
Kalkaska County  
Fife Lake, Michigan

In planning and performing our audit of the basic financial statements of Springfield Township, Kalkaska County, Fife Lake, Michigan for the year ended March 31, 2006, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the State make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. The Township has implemented all reasonable internal controls and when consideration is made of the cost of implementing additional controls versus the benefit to be derived by additional controls, the costs far outweigh the benefits.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is not a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*